

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 1975 – HB 1836**

March 27, 2009

**SUMMARY OF BILL:** Requires the State Treasurer to divest any holdings of the Tennessee Consolidated Retirement System in securities issued by companies that have substantial current operations in nations determined by the United States Department of State to be state-sponsors of terrorism.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$230,000/One-Time**

**Increase Federal Expenditures - \$34,000/One-Time**

**Increase Local Expenditures - \$152,000/One-Time\***

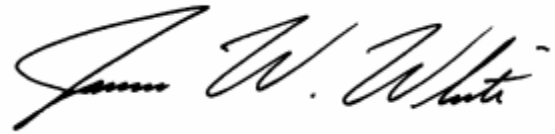
Assumptions:

- According to the Department of the Treasury, it is estimated that approximately 7,400,000 shares of international equities valued at \$208,000,000 would have to be liquidated as a result of this bill.
- The one-time cost to divest such securities is estimated to be \$416,000 (equivalent to 20 basis points).
- Based on information provided by the Department of Treasury, the one-time divestment costs associated with this bill would be apportioned approximately 55.29 percent to the state; 8.17 percent to federal government; and 36.54 percent to local government.
- The one-time increase to state expenditures is estimated to be \$230,000 ( $\$416,000 \times 55.29\% = \$230,006$ ).
- The one-time increase to federal expenditures is estimated to be \$34,000 ( $\$416,000 \times 8.17\% = \$33,987$ ).
- The one-time increase to local government expenditures is estimated to be \$152,000 ( $\$416,000 \times 36.54\% = \$152,006$ ).

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc